DOCUMENT RESUME

ED 277 893 CE 046 185

AUTHOR McLean, Gary N.
TITLE Case Studies for Management Development in Bangladesh.
SPONS AGENCY World Bank, Washington, D. C.
PUB DATE Sep 85
NOTE 29p.; Prepared for the World Bank/Bangladesh Management Education and Training Project. For related documents, see CE 046 184-187.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Administrator Education; Adult Education; *Case Studies; *Decision Making; *Developing Nations; Employees; Foreign Countries; Higher Education; *Labor Relations; *Management Development; Motivation; *Professional Continuing Education; Teaching Methods
IDENTIFIERS *Bangladesh; Government Business Relationship

ABSTRACT

Eight case studies appropriate for use in a course in management development were prepared and are provided in this document. The typical case describes a real business situation in which a real manager had to reach a decision. The case gives quantitative and qualitative information that is, or may be, relevant to that decision. Questions for consideration to help students focus on problems of interest conclude each case study. Each of the case studies deals with a different problem and a different cast of characters. The case studies (and problems) are as follows: Bangladesh Sea Products Ltd.--Parts I and II (decision making, labor relations); Sanitation Products of Bangladesh Ltd. (decision making, new product development); Bangladesh Pharmaceutical Products Ltd. (employee motivation, labor relations); XYZ (Bangladesh) Ltd. (employee motivation, labor relations); H & H (Bangladesh) Ltd. (succession, labor relations); ABC (Bangladesh) Ltd. (labor relations); and Towers (Bangladesh) Ltd. (working with the government). Following the case studies are sections on how to write a case study, how to teach using case studies, and how to solve case studies (student notes). (YLB)

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CASE STUDIES FOR MANAGEMENT DEVELOPMENT IN BANGLADESH

Prepared for the
World Bank/Bangladesh Management Education and Training Project

by

Gary N. McLean
Professor and Coordinator
Training and Development Program
420 VoTech Building
University of Minnesota
St. Paul, MN 55108 U.S.A.

in cooperation with

Faculty of Commerce
University of Chittagong
Chittagong, Bangladesh

September, 1985

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INTRODUCTION

The case studies contained in this publication were developed by the author while in Bangladesh during August and September, 1985, on an Executive Development Program assignment with the World Bank/Bangladesh Management Education and Training Project. The author's primary objective in this assignment was to work with the Faculty of Commerce at the University of Chittagong to assist them in developing an Executive Development Program from beginning through implementation to the end. A model developed by the author (and reproduced in the project's final report) was used. Following a needs assessment, three seminar topics were identified; seminars were designed and developed; top-level executives from companies in the Chittagong area participated as the author in conjunction with a faculty member from the University of Chittagong facilitated; and the seminars were evaluated.

In the process of considering the pedagogy to be used in the seminars, it was clear that faculty were most familiar with, and thus most comfortable with, a lecture approach. One of the objectives assigned to me was to help faculty feel more comfortable with a wider range of instructional approaches. When inquiry was made into the use of case studies, I found that they were used infrequently and always were based on cases from outside of the country. No case studies based on business experience in Bangladesh had yet been written.

In the process of acquainting myself with business in Bangladesh, I visited a large number of organizations and had an opportunity for extended discussions with dozens of executives. Almost without exception they expressed a willingness to work with faculty in the process of developing case studies. As a result, as we worked on the development of the seminars, I took advantage of those offers to develop some case studies based on business experiences in Bangladesh. In two instances, faculty from the University of Chittagong worked with me in the development.

For those outside of Bangladesh who may wish to use this publication, some explanation regarding the currency terminology may be in order. There are 100 Paisa in Taka 1. At the time of writing Taka 32 = $1 (U.S.), or Taka 1 is approximately 3 cents. One lakh = 100,000; One crore = 10,000,000.

Most of the participants using these cases had not previously been exposed to the case study method. Questions for consideration have thus been appended to each case. When used with experienced persons, or if used for some other objective, these questions should probably not be reproduced.

I wish to express my appreciation to those executives who gave so generously of their time and knowledge for the sake of advancing management development in their country; and to Professors Abdul Mannan and Amal Nag, in the Departments of Management and Accounting, respectively, at the University of Chittagong for their reviews of each case and for their specific

assistance in the writing of two cases. My hope is that these cases might be useful as a starting collection of Bangladesh cases that can be used throughout Bangladesh wherever management development is taking place.

BANGLADESH SEA PRODUCTS LTD. (Part 1)
A Case Study in Decision-Making and Labour Relations
Developed by Gary N. McLean, University of Minnesota

In 1975 Bangladesh Sea Products Ltd. (BSP) was formed as a privately-held limited company. It built a factory near the port in Chittagong, acquired two deep-sea trawlers with complete processing facilities, and leased an office facility in the business area of Chittagong. Its factory facility was responsible for buying, processing, freezing, packing, and exporting shrimp and frog legs. The proportion of the two, in 1985, consisted of 90% (by value) and 80% (by volume) of shrimp, with the rest in frog legs. One hundred percent of the product is exported; in order, the major recipients are Japan, Europe, and the United States. The in-country competition consists of 22 packers in Chittagong and 13 in Khulna.

BSP was recognized internationally two years in a row for its value and volume of exports, quality of product, new market development, and management efficiency. In general, the volume of production rose until 1983, from which time production has remained steady. The value of production has also increased steadily, even since 1983 due to the devaluation of the Taka. Production during the five-year period ended 1983, by weight (in tons) and by value (in million Taka), was as follows:

1978-79:	367 tons	33 million Taka
1979-80:	488	60
1980-81:	686	67
1981-82:	910	105
1982-83:	930	145

Production has now reached capacity and is stabilized.

The company was founded on a policy of employee benevolence. In fact, one of the stated objectives when the company was organized was to provide permanent employment to as many people as possible. There were two reasons for this objective: employee welfare and morale, and improved product quality. The company began with 70 permanent employees and approximately 300 casual or contract workers. By 1983 there were 100 permanent employees with a subsequent reduction in the number of casual workers.

Several specific policies indicate the attitude of management towards its employees. Usually in the private sector employment is based on an oral agreement rather than through an employment letter. When BSP was formed, however, a matrix was developed listing all positions with salaries and benefits. Then, as employees were hired, they were issued an employment letter indicating their beginning salaries, benefits, and commitment to one increment increase in pay annually. Included in the benefits, and stated in the employment letter, were an entertainment allowance, a transportation allowance, a medical allowance, two sets of uniforms a year, a housing allowance equivalent to 30% of the base pay, and the provision of single person housing within the factory, with two cooks and cooking utensils

provided, for those employees desiring this benefit, at no cost to them and with no reduction in the housing allowance. Salaries were set above the average for the industry. In addition, a very liberal leave policy was established, with 14 days for sick leave, 10 days for casual (or personal) leave, 18 days for vacation, and 10 days for festivals. All pay, leaves, facilities, and allowances were above the government required minimums; pay was higher than the average in the industry.

Employees worked a six-day week. If they were required to work on the Holy Day (Friday), they were paid double time (per government requirement), though they were not given another day off (as the government required). This approach, of course, meant more income for the employees. The company could have hired casual workers, but that would have meant less income for regular employees and lower quality of product. Employees worked weekly rotating shifts of eight-hour days.

Working conditions are excellent. Because it is a food processing factory, it is kept very clean. Working conditions are safe, with the facilities well-lit and well-maintained. The negative part of the working conditions is that employees work under cold conditions, especially if they work in cold storage, but the uniforms provided are designed to keep employees warm.

Also instituted from the beginning was an annual employee and family picnic, where employees are provided all the food that they want, along with transportation, games and amusements, and prizes. The annual picnic generally costs the company about Taka 25,000 or about Taka 250 per employee. The company managing director attends the picnic with his family. In addition, yearly games competitions (such as badminton) with prizes are sponsored by the company.

Additional benefits added by the company at the end of the first year of operation included a festival bonus, followed by a production bonus the following year. In 1981 a contributionary provident fund (not required by the government) was begun with equal contributions from the company and employees at 10% of the base pay.

Generally, two to four increment steps were given a year, depending on employee merit, though only one step was required by the employment letter. Each employee was graded "A" through "D." "A" employees received four increases; "B," 3; and "C," 2. Most workers received at least two, with one-quarter receiving three.

On the basis of these policies, the employees appeared happy and management had no reason to believe that they were not. In 1984, however, personnel from the office of the Director of Labour appeared at the factory to do an inspection, following the submission of an application for union registration. This move caught management totally unawares, and management was greatly disappointed in the factory workers. (Workers in the office and on the sea trawlers were not involved.) Management could not understand why such action had been taken.

The union affiliated with the Sramik (Labour) Federation, and a five-member union committee was named. During the first formal meeting between the union and management, there was an exchange of views, and the union committee was unable to give a sound reason why the union had been formed. In subsequent discussions among themselves, management determined three possible reasons: 1) In 1983, the Labour Front was formed, followed by active pursuit of workers to form unions; 2) The company had been very strict about discipline, especially unauthorized absences, disobedience of supervisors, and any other inappropriate action, in which case action was taken according to the law; and 3) One of the workers who later became a union leader, who had just been transferred from the factory to the procurement center, had committed fraud by inaccurately recording shrimps received--as punishment he was transferred back to the factory, thus losing the opportunity to "make" extra money. BSP considered firing him, but they felt that, if they fired him, they should also press criminal charges. If they pressed criminal charges, they would also need to file a complaint against the workers who knew what he was doing, even though they were not directly involved. This they were not prepared to do. The transferred worker was furious with the company and began agitation. Because many of the workers are illiterate, he was able to convince many of them that the union could bring them more benefits than could possibly occur. Half of the factory workers did not join the union because they knew that they had it better at BSP than most employees of other companies.

A few months later (in September) the union submitted its charter of demands, which included the following:

1. A pay increase of 100%
2. An increase in uniforms issued per year from two to four
3. Provision of night-shift allowances
4. Provision of an allowance for working in cold storage
5. Provision of family housing facilities for every employee desiring them
6. Provision of Taka 125 per employee for the picnic (the union apparently did not believe management's figures regarding the cost of the picnic)
7. Observation of government law regarding working on the Holy Day
8. Meeting of all minimums required by the government for private sector industry

QUESTIONS FOR CONSIDERATION

1. What action on the part of management might have prevented the formation of the labor union in the first place?

2. Should management have followed the action suggested in question one? Why or why not?

3. How should management respond to each of the demands?

BANGLADESH SEA PRODUCTS LTD. (Part 2)
A Case Study in Decision-Making and Labour Relations
Developed by Gary N. McLean, University of Minnesota

Following the presentation of the charter of demands, the union committee and management met to negotiate. Management presented the following responses to each of the demands; the union ultimately accepted these positions; and an agreement was signed.

Demand #1 - Pay Increase: No increase was allowed. Since a contractual employment letter had been given to each employee when hired, the company was under no obligation to increase pay.

Demand #2 - Uniforms: No change was necessary. In fact, the two sets issued yearly would actually last two years with care. The union acknowledged this and dropped the demand.

Demand #3 - Night-shift Allowances: Not granted. Since every employee is on the night shift every third week, there was no need for extra compensation for employees on the night shift. Recognition of the rotating shift policy took place in the already higher than average pay provided.

Demand #4 - Cold Storage Allowance: Not granted. Appropriate uniforms are already provided, and such an allowance is not required by law.

Demand #5 - Housing Facilities: This was an impossible demand and unnecessary because employees are already provided with a 30% housing allowance, as well as the option for single housing facilities within the factory.

Demand #6 - Picnic Allowance: This demand was accepted immediately since it was half of what management was currently spending on the picnic. In January when it came time for the picnic, Taka 125 per employee was given to the union to plan. They realized, in planning, that it was impossible to do for that amount of money. They came back to management and asked them to drop that clause of the agreement. Management agreed and put on the picnic at the previous level of Taka 250 per employee.

Demand #7 - Observe Government Law Regarding Working on the Holy Day: Immediately accepted. Management then began using only casual workers on the Holy Day. The net result for the union members is a loss in total income. The union has asked management to negate this clause of the agreement. Management has refused.

Demand #8 - Meet All Government Minimums: Agreed. Since the company was so far above all government minimums already, there appeared to be nothing lost by management, though there was uncertainty about what the government might require in the future. Because of that uncertainty, the union actually lost, because management limited to one per year the number of pay increments, except for exceptional productivity, in which case two increments are

awarded.

Summary: The union's demands, because employees had no real grievances to begin with, were mostly nuisance demands. In fact, on almost every negotiated item, the employees lost. Whereas in the past management provided additional benefits voluntarily, they will no longer do so (except for those already in place) and will respond only to requests for which they are compelled to respond by law. The company is no longer replacing workers who retire or leave with permanent employees. Thus, the number of permanent employees has dropped to 70 with the number of casual employees back to 300. Within one year after the agreement, union activity has become nil. Employees are very unhappy with the union. The next negotiations cannot take place until the fall of 1986. The biggest threat then appears to be from labor union leaders outside of the company.

QUESTIONS FOR CONSIDERATION

1. Evaluate the decisions made by management at BSP on each of the union's demands.

2. Evaluate the decisions made by the labour union at BSP on each of the demands.

3. If you were a labour union leader at BSP, what approach to negotiations would you take in 1986?

4. If you were a management official at BSP, what would you anticipate and do in preparation for negotiations in 1986?

SANITATION PRODUCTS OF BANGLADESH LTD.

A Case Study in Decision-Making and New Product Development

Developed by Gary N. McLean, University of Minnesota
and Abdul Mannan, University of Chittagong

Sanitation Products of Bangladesh Ltd. (SPB) was formed as a subsidiary of Bangladesh Industries Corporation in 1973. Its factory, located in Chittagong, produces glazed sanitary wares, such as basins and toilet bowls. In 1983 the company was approached by a Hungarian company with a barter offer to exchange somewhat outdated facilities to be used in the manufacture of one-colour plain glazed wall tiles and nonglazed paving or floor tiles for jute and jute goods valued at Taka 7 crore. These products would be subsidized by the government of Bangladesh (though to what extent was unknown) to permit the barter deal if it were determined that the arrangement would be beneficial.

Glazed wall tiles are used in drawing rooms, porticos, hotels, lobbies, restaurants, office buildings, bathrooms and toilets, hospitals and clinics for both decorative and hygienic purposes--the glazed finish prevents the growth of fungi and germs, particularly during the rainy season in Bangladesh. While once they had been viewed as luxury items, they were increasingly being viewed as necessary, especially by the growing upper middle class. Non-glazed floor tiles serve a similar function, especially in bathroom and kitchen floors. Increasing urbanization and modernization of shopping centres and office buildings, in addition to homes, were also adding to the increasing demand for such tiles.

There were problems, however, in acquiring such tiles. Since there was no indigenous industry, all such tiles had to be imported. This proved to be a drain on foreign exchange reserves in the country, increased the cost of tiles, created dependence on outside production, and relied on other countries' demands for colour, sizes, and quality.

During the period of 1978-80, 1.44 lakh dozens of ceramic wall tiles were imported per year; this increased to 2.75 lakh dozens per year during the period 1981-83. Imports were from fifteen (15) different countries, the top three being South Korea (34.7%), United Kingdom (22.7%), and Sri Lanka (11.6%). In monetary value, imports grew fourfold from 1978-80 (annual average of Taka 15.2 lakh) to 1981-83 (Taka 58.4 lakh). By year, the value of imports in Taka lakh were:

1978	14.2
1979	15.0
1980	18.1
1981	48.3
1982	61.6
1983	39.0

The higher imports in 1982 followed by the decline in 1983 may have been due to an anticipation of an import ban or a higher rate of duty.

Any projection of future demand would, of course, be speculative, but it would seem reasonable to assume three possible conditions with an associated projected market growth rate--under constrained conditions, 2.5%; under normal conditions, 5%; and under favourable conditions, 10%.

Floor tiles were in much less demand, though specific figures were not available. The demand for mosaic tiles, a substitute for nonglazed titles, was about Taka one crore a year.

A sample of dealers with retail outlets in Dhaka and Chittagong indicated that the determinants of demand for glazed tiles were, in order, price, quality, durability, colour, size, and consumer budgets, with the first two the major components. A survey of a cross-section of buyers identified the major components, in order, to be quality, price, country of origin, and colour. Reasons for buying tiles cited, in order, were: attractiveness, cleanliness (by far the two highest), followed by freedom from fungus, durability, and low maintenance expense. The preferred colour, by both buyers and dealers, was white. Blue and pink rated high, also. Buyers preferred wall tiles to be 4" x 4"; dealers preferred 4-1/4" x 4-1/4", closely followed by 6" x 6". Dealer preference for floor tiles was clearly 6" x 6". Preference was split about evenly between plain and design tiles; some preference was given to foreign design tiles over home- or country-made designs.

Most of the buyers (81%) had not heard of SPB. Dealers, however, were somewhat critical, with no dealers giving it a superior rating, 64% a medium rating, and 36% an inferior rating. They observed that its market distribution system was unsatisfactory, quality was below par (rough finishes and nonhomogeneous colouring), and cracks and scratches were often found in SPB products. They also felt, however, that consumer response to the production of ceramic tiles would be positive, if price, quality, colour, and design (in that order) were satisfactory.

SPB would have some pricing advantage in that they would not face the current 100% customs duty (with projections to 150%) nor the 20% sales tax. Limestone (which constitutes 16% of the products needed in the manufacture of ceramic tiles) is the only product that needs to be imported. Since there were no other local producers, in the long-run SPB might be able to establish a monopolistic market position to command higher prices in the future. An export market might also be developed, though with some difficulty as the proposed Hungarian facilities would be able to produce only one slab of tile per impression, while facilities with a built-in capacity to produce four slabs per impression, while also printing a design, existed in countries like Sri Lanka and South Korea. In addition, competition from mosaic slabs for floor tiles will be difficult to overcome--they are produced locally, contractors are familiar with working with them, and they are less brittle. At present, they sell for about 1/3 of the cost of imported tiles. The competitive edge for tiles is that they are prefinished (compared with 2 to 2-1/2 months to make mosaic), more attractive, and easier to maintain.

The average price for a dozen glazed tiles from Sri Lanka was Taka 56. The projected cost of production, not including overhead, for one dozen glazed tiles was Taka 60; for one dozen unglazed tiles, Taka 40. Because of the improved production facilities enjoyed by the foreign countries, their tiles would cost less in the local market than SPB's proposed tiles, unless the customs duty and sales tax were raised.

Production capacity at the plant is 110,000 sq. m (or about 790,000 4-1/4" x 4-1/4" dozen pieces) of glazed wall tiles; or 55,000 sq. m (about 394,000 4-1/4" x 4-1/4" dozen pieces) of glazed wall tiles and 20,000 sq. m (about 72,000 6" x 6" dozen pieces) of paving tiles. If a mix of the two is produced, the changeover should occur only once a year due to the costs of changing over.

QUESTIONS FOR DISCUSSION

1. What other information would you want before making the decision to accept or reject the offer? How would you get it?

2. Based only on the information now available, should SPB accept the deal? Support your response.

3. Assuming the deal is accepted, in what areas will SPB need to make further decisions?

4. For the areas identified in 3, above, indicate the decisions you would make if sufficient information is now available. If more information is needed, what information would you want and how would you get it?

BANGLADESH PHARMACEUTICAL PRODUCTS LTD.

A Case Study in Employee Motivation and Labour Relations

Developed by Amal B. Nag, University of Chittagong
and Gary N. McLean, University of Minnesota

Mr. A. R. Mazumder was born in 1920 in a village 80 miles from the city of Chittagong. He was one of six children in the family, which was poor. As a result, his family was unable to send him to college.

Mr. Mazumder began his career as a sales representative for a foreign pharmaceutical company and also worked part-time as a salesman in a medicine shop in Chittagong in 1938. He worked hard for six years, pleasing his employer in his part-time job. He was made a partner in 1944, with one-fourth share of the business--a position he continued until 1968 when he sold his shares.

By 1950 Mr. Mazumder had saved enough money to buy a piece of land in the heart of the city. He was looking for an opportunity to set up an independent business of his own. He talked with trusted friends and relatives about his plans to set up a pharmaceutical manufacturing company, marketing through distributors. In 1953 he received a personal loan from the Home Building Finance Corporation (HBFC) and constructed a two-storied building. The same year he set up a private limited company--Bangladesh Pharmaceutical Products Ltd.--with 75% of the shares held by him and his wife, and the balance shared by friends and relatives.

He began production in 1954 with ten employees, six of whom were relatives. His factory was set up on the ground floor of the building he built, with his residence on the first floor. The office was set up in a rented house near his two-storied building. As he grew, he employed people primarily from his village--these were poor people who badly needed jobs. Initially, BPP produced ten items. Paid-up capital was T 5 lakh. At no time in the history of BPP was there any long-term debt, only short-term operating loans. By 1955, his company had expanded to about 35 employees.

Mr. Mazumder worked very hard--10 to 12 hours a day--and expected his employees to do the same. He delegated nothing, but supervised all of the employees. Mr. Mazumder had an autocratic leadership style. He treated his employees as servants. His attitude was, "They're being paid by me, so they have to do what I say!" If he saw two employees talking, he would interrupt them and ask them what they were saying. At one point he fired both the production manager and the sales manager on grounds that were totally unrelated to the business.

Wages in BPP were low compared with other local companies. This was possible because most of the workers were from his village, and they felt that it would be improper to say anything against Mr. Mazumder's decisions. At this time there was no trade union in BPP. Mr. Mazumder could fire anyone whenever he chose. In addition, some of the workers were casual workers who were hired on a contract basis.

By 1969, as BPP expanded, some delegation of supervision was required, though the decision-making remained centralized. There was a general manager (who passed his HSC in 1954 and joined BPP as a clerk in 1960), a sales manager (who had an M.Sc. degree and who joined BPP in 1969), and a production manager (who had a B.Sc. degree and who joined BPP in 1969). When the sales and production managers were fired in the early 1970's, they were replaced, and in 1974 a factory manager was added.

BPP's product line expanded rapidly due to the great demand for a wide variety of medicines. By 1973 BPP was manufacturing 200 different products, but only six had a reputation for quality in the market. The other products were of lower quality (and price) than similar products of foreign pharmaceutical companies. Assets now totalled T 35 lakh. BPP had over 100 employees, including casual workers, and it was difficult to accommodate them in the small building. BPP thus purchased another piece of land (6 acres) at a place 20 miles from Chittagong in 1973. A building was constructed, and the factory was moved to this new building in 1974. The head office remained at the old rented house, and the ground floor of his building, which had earlier housed the factory, was now converted into a godown (stockroom).

Six months after the factory started working at the new location, serious labour trouble broke out. The workers formed a trade union, which was registered in 1974, because they saw that other companies had unions and because they felt that that was the only way to get something from this employer because of his previous record. When Mr. Mazumder received a copy of the registration, he noted the names of the president and secretary, and immediately fired them, an act that the union declared was illegal.

By March, 1975, the union had drawn up and presented its charter of demands which included:

1) Reinstatement of the union's president and secretary with full back pay
2) Regularization of the casual workers
3) Increase in pay of 50% with defined pay scales for all levels of workers
4) Payment of two annual bonuses
5) Overtime pay at the rate of double the normal rate
6) Introduction of a contributary provident fund with employee and employer each contributing 10% of base pay

When negotiations stalemated, the union declared a strike effective May 10. On May 11, Mr. Mazumder, fearful that the workers would destroy the property and other company assets, declared a lockout and posted security guards. BPP remained closed for five months. During that time Mr. Mazumder continued importing raw materials and selling them on the open market at very high prices. Because BPP is a private limited company, it does not publish its annual accounts. Nevertheless, it was well-known that its annual accounts showed a substantial profit. The only year in which BPP suffered a loss was 1975.

During the time of the lockout, attempts at negotiation were attempted but were unsuccessful. Finally, in October, an agreement was reached through the intervention of the Labour Directorate.

The terms of agreement were:

1) accepted
2) not accepted
3) A pay increase of 13% was awarded; pay scales were not established.
4) One annual bonus would be given provided there was a profit.
5) accepted
6) not accepted

QUESTIONS FOR CONSIDERATION

1. In what ways did the actions of the owner affect the motivation of the workers?

2. What might the owner have done to motivate his employees and prevent the formation of the union?

3. What should the owner do now to motivate his employees?

XYZ (BANGLADESH) LTD.

A Case Study in Employee Motivation and Compensation
Developed by Gary N. McLean, University of Minnesota

XYZ (Bangladesh) Ltd. came into being as a public limited company in 1968 with participation in its share capital distributed as follows: a foreign multinational corporation, 30%; a government development corporation, 35%; and the general public, 35%. After the Liberation of Bangladesh, all of the shares of the company, except for the 30% owned by the multinational corporation, were vested with the Government of Bangladesh. Since 1977, the company has been placed under a statutory corporation, A.B. Corporation, as one of its subsidiary companies. The Board of Directors of XYZ is constituted with representation from the A.B. Corporation and the foreign multinational corporation proportionate to their shareholdings.

XYZ is an industrial undertaking with highly technical and sophisticated operations; it is the only one of its kind in Bangladesh. The company's operation is of vital national importance, and it consumes a major part of the total foreign exchange earnings of the nation for its raw materials, which it imports. Because of its efficient operations, the company offered attractive pay and benefits to its managers, as well as to its workers, and, as a result, it was able to attract talented people right from its inception. While the pay and benefits of the workers are determined periodically through the process of collective bargaining (usually every two years), the same is not true for the managers. Their pay and benefits are decided by the Board of Directors.

Everything went well until 1980, at which time a motivational problem developed among the management staff. The apparent explanation lies in the diminishing gap in pay and benefits between management and workers. While the workers' pay continued to improve with increases in the cost of living index through collective bargaining, the pay and benefits of management remained virtually stagnant over the same period. This caused frustration among management, and 25-30% left the company for attractive positions in the mid-East.

The Chief Executive of the company communicated the problem to the Board of Directors periodically, requesting assistance in overcoming the problem. But the Board contended that the pay and benefits of the company's managers were already much higher than those in other public sector companies. Any further increases would likely cause an adverse effect on those companies.

The situation worsened further in late 1984 when the junior management staff formed an association and threatened to strike, even though illegal to do so, unless their pay and benefits were revised. It was alleged that subordinate workers were earning more than their managers; several workers were refusing promotions because they did not want to receive reduced pay. The junior managers argued that their jobs were not comparable with any other public sector managers and that they had little scope for mobility and promotion as available to other public sector managers. On that basis they

felt that their complaint should be acted on.

The Chief Executive of the company found it increasingly difficult to motivate the junior management staff to work efficiently. As well, the Board of Directors seems to be helpless in overcoming the crisis.

QUESTIONS FOR CONSIDERATION

1. What might be done to overcome the crisis?

2. In the meantime how can the junior management staff be motivated to work more efficiently and effectively?

H & H (BANGLADESH) LTD.

A Case Study in Succession and Labour Relations

Developed by Gary N. McLean, University of Minnesota

H & H (Bangladesh) Ltd. is a public limited marketing company with its head office at Chittagong, and with sales and marketing offices throughout Bangladesh. The company was nationalised after Liberation, and it became a subsidiary company of R.T. Corporation, a statutory corporation formed in 1976. Since then, the Chief Executive/General Manager has been appointed by the R.T. Corporation from among the senior executives of the company.

In 1984, the then General Manager of the company (Mr. X) died suddenly following a massive heart attack while away from his family staying at the company's rest house. At the time of Mr. X's death, Mr. Y, a senior executive of the R.T. Corporation, was with Mr. X at the rest house. The Corporation immediately appointed Mr. Y as the General Manager of the company. He brought with him a marketing background gained with another company and a distinguished career in this industry.

When Mr. Y went to assume his assignment as General Manager of the company, the employees, at the instigation of the union, would not let him take office. They assaulted him and removed him from the office, alleging that he was responsible for the death of Mr. X, the former popular General Manager. Further, they claimed that they would not allow any "outsider" to hold the office of General Manager; that had to come from among the company's senior executives.

The Corporation inaugurated a three-member Department of Inquiry with one representative from H & H, one from the R.T. Corporation, and one from outside the company. They were unable to find anyone willing to testify regarding the assault on Mr. Y and had to adjourn for lack of evidence. The Corporation then instituted a criminal case against the leadership of the union who were responsible for the incident. The case was dismissed for lack of a witness willing to testify.

QUESTIONS FOR CONSIDERATION

1. Why is the Corporation facing the problem that now confronts it?

2. What is the appropriate course of action that should now be taken by the Corporation?

ABC (BANGLADESH) LTD.
A Case Study in Labour Relations
Developed by Gary N. McLean, University of Minnesota

ABC (Bangladesh) Ltd. is a highly technical industrial company that has been facing an acute problem of a shortage of skilled manpower in its Production and Engineering Departments. It has experienced a loss of almost 40% of such employees in an exodus to lucrative jobs in Middle Eastern countries. In response to this crisis, the company introduced a number of ambitious plans to retain its skilled employees who are in short supply in the country and to develop skilled employees through a skill development program.

Among other responses, the company introduced:

a) Incentive/motivational plans, e.g., a house-building loan plan with minimal interest rates; a low-interest car loan program, with subsequent monthly payments withheld from employee pay; promotion of highly skilled workers into management positions; and so on.

b) An on-the-job training program for unemployed educated youths having a minimum educational qualification of H.S.C. (Science). Twenty to thirty young men were trained each year in the Technical Departments. The training lasted for two years and the trainees received a training allowance. On successful completion of the training, the trainees/graduates would be placed into vacancies caused by the exodus of skilled labor. When the first "class" of 20 trainees began their training, employees expressed their resentment of the trainees. They were concerned that this program would work against their best interests, and that the plan was actually a reflection of management's anti-labour policy. They were apprehensive that, since the trainees had very good educational backgrounds, compared with the employees' comparatively poorer preparation, they would be bypassed and the trainees/graduates would bypass them.

QUESTIONS FOR CONSIDERATION

1. Evaluate the two parts of the company's plan described in the case.

2. As a manager, what action should now be taken?

TOWERS (BANGLADESH) LTD.
A Case Study in Working with the Government
Developed by Gary N. McLean, University of Minnesota

Towers is a Bangladesh subsidiary, with its head office in Dhaka, of a large multinational corporation headquartered in England. The parent company has subsidiaries in many countries, including most of the Asian countries. The parent company provides considerable support to its subsidiaries, including extensive, subsidized training programs; detailed publications outlining procedures for many of the subsidiaries' operations; consultation as needed; and so on. At the same time, the subsidiary company is given considerable autonomy in making decisions relative to local conditions.

The personnel director of Towers has extensive background, in law as well as in management, both within Bangladesh and outside of the country. He is a Bangladeshi. On an annual basis it is his responsibility to review every manager within the company and develop a detailed list of objectives and an individualized training program for every manager, in conjunction with that manager. This program is then forwarded to England for approval. The parent company provides a very detailed set of procedures and numerous forms that are to be used in this process.

During the last set of reviews, the personnel director realized that his management staff was becoming increasingly inbred (i.e., they only had management experience in Bangladesh), and their training was likewise homogeneous, with most of it coming from the parent company in England. He realized that that situation would likely inhibit the innovativeness of the managers and their ability to see the need for and to develop creative, new procedures, products, services, etc.

He decided that what was needed was an opportunity for his managers, and for managers in other subsidiaries, to have an opportunity to be exposed to the company in different cultural settings. With the approval of the parent company, he then wrote a detailed, two-page letter to the Minister of Industry explaining the plan. A manager from his subsidiary would be sent to a subsidiary in another country, preferably a developing country, and the Bangladesh subsidiary would make available a position for a manager from another country, not necessarily the one to which their manager had been sent. The managers would return to their homes after a period of approximately two years. Except for the travel, there would be no costs involved for the subsidiary companies as they would continue to pay the same salaries and benefits. Such a scheme would enrich the managerial experiences and expertise available to all of the participating subsidiary companies.

Such a scheme would, however, require the permission of the government, both for the manager leaving the country and for the manager coming to the country. Permission was thus requested from the government for such an arrangement. In two months the response came back from the government in two brief sentences: "Permission for a manager to go to another country is approved. Any manager desiring to come to this country must make

application, and the request will be considered on an individual basis per existing regulations."

QUESTIONS FOR CONSIDERATION

1. Evaluate the proposed exchange program.

2. Evaluate the process used by the personnel manager in seeking permission from the government.

3. What might the personnel director do now to get the desired permission?

HOW TO WRITE A CASE STUDY

1. Identify a current or past management problem that does not have a "correct" answer, i.e., to be an appropriate problem for a case study, there must be several optional actions available for resolution.

2. Provide background necessary to understand the problem.

    (a) Industry
    (b) Company
    (c) Department

3. Describe the details leading up to the problem--present several perspectives, if possible--e.g., management, supervision, labour, customer, etc. These should be as complete as possible--facts may be relevant or irrelevant, as were present in the actual situation--include source documents where applicable--humanize the case, as appropriate, with peoples' names, conversations, product names, etc.

4. If the participants are not experienced in working with case studies, you may want to provide some directed questions to help them focus on the problems of interest to you. Otherwise, experienced participants should be allowed to identify the problems without such assistance.

HOW TO TEACH USING CASE STUDIES*

The "Case Method"

What is the case method?

It is a learning method in which emphasis is placed on the preparation for, and classroom discussion of, a situation that is described in a case. It can be contrasted with what might be called the textbook/problem method, in which the emphasis is on memorizing and understanding material contained in a text and working out the numerical solution to problems or exercises.

In preparing a case for class discussion, the student must decide what the issue is, make numerical calculations, identify and assess the strength of the arguments bearing on the issue, and reach a conclusion. In some schools students meet in small groups to develop this analysis, often dividing up the work among members of the group. In class students explain their position, defend it, appreciate and evaluate the statements made by their colleagues, and modify their own position if they are convinced that this is the right thing to do.

In the case method, the focus is on students learning through their cooperative efforts, rather than on the instructor conveying his or her own views.

What is the difference between a case and a problem?

A problem in the sense used here has a correct solution; a case does not. In solving a problem, students work by themselves and apply the knowledge that they have learned from the text or from their instructor. In order to do this, they must exercise judgment, and it is because individual judgments differ that there is no unique correct solution to a case.

Many materials that are labeled "cases" are actually "problems" as the term is used here; the nature of the material, rather than the label, is governing.

Will you say more concretely what a case is?

The typical case describes a real business situation on which a real manager had to reach a decision. The case gives quantitative and qualitative information that is, or may be, relevant to that decision. There are several types of cases:

1. The issue case is the prototype. In this case, the issue to be resolved is fairly obvious (e.g., should Company A buy machine X

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*Pages 21-24 are taken from: Joseph E. Finnerty. Report for Finance Specialist's Curriculum Review. Prepared for World Bank/Bangladesh Management Education and Training Project, February 7, 1985, pp. 61-66

or not?); the students are given facts relating to this issue, they make numerical calculations, they make judgments about the relative importance of various considerations, and they reach a conclusion.

2. In an appraisal case, a system or practice is described, often with an account of its historical evolution. The student is asked to analyze the system or practice and recommend improvements in it. In another variation, the solution to an issue and the reasoning behind that issue is described, and the student is asked to appraise the soundness of this reasoning.

3. In a blind case, the issue is not clear. A situation is described, and the student's task is to identify what issues, if any, exist and what should be done to resolve them.

4. In an iceberg case, only a little relevant information is given, and the student must decide what information should be collected and how it can be obtained.

5. In a series case, the student is given several different problems that occurred in the same general setting. Often these problems are sequential in that the students' decision on one problem affects their analysis of the next one.

Cases can also be classified by source as armchaired, published source or field. An armchaired, or generalized experience, case is created by the author. It is especially useful for simple, well-defined issue situations, such as those in elementary accounting. Writing a realistic armchaired case is more difficult than one might think. A published source case is derived from an annual report, a magazine article, or other published material. A field case is written from information in company records and from interviews. It must be released by the company. It may be disguised; that is, fictitious names may be used, and the numbers may be altered.

Why is text material important in a case-method course?

From the text the students acquire knowledge. In part they learn this knowledge simply because they will need it on the job. In part they use it as factual background for the analysis of cases. In general it is inefficient to induce generally accepted principles, terminology or practices of accounting from cases. To do so would be to reinvent the wheel. It is, however, useful to have a few cases that focus on the development of principles for these help the student to understand that accounting principles are man-made and subject to debate.

What are the advantages of the case approach?

There are several. First, educational psychologists tell us that knowledge is learned more thoroughly and retained more completely if the student is actively involved in the learning process. Using knowledge in the analysis of a case is one way of encouraging student involvement. (So is

solving a problem.) Knowledge "sticks" better when a student has used it in the analysis of a case than it does when he or she is merely asked to read and memorize text material.

Analysis and discussion of a case helps the student to appreciate the fact that textbook knowledge does not provide a complete solution to real-world problems, except those of a trivial nature. The real world is messier than the text admits. Issues are not black and white; they are many-hued. The student begins to appreciate the relative importance of material than can be learned from a text and of judgments, estimates, and intuition that cannot be so learned. The student becomes accustomed to the fact that in the real world there is no single acceptable procedure, but rather there is a set of concepts and principles which are broadly accepted within which there is much room for variation and differences in treatment. A classic article on the case method is appropriately titled "Because Wisdom Can't Be Told."

Preparation of a case teaches a student to reason, to apply knowledge to the solution of problems. If students prepare as members of a group, they learn interpersonal skills, how to divide up work, to use the work done by others and to interact cooperatively.

Class discussion gives the student practice in communication. The results of an analysis are ineffective unless action results. In order to get action, those involved must be made to understand and must be persuaded. The executive vice president of a large company said recently: "The technical job of decision making is easy. The really tough job is communication." Class discussion increases this skill.

A case discussion tends to be more interesting to students and also to the instructor than either a discussion of a text or a recitation of the solution of a problem. The class is dealing with real-life problems, and the discussion of these problems often becomes quite heated.

Especially in graduate and executive programs, the interaction of students with various backgrounds is a valuable learning experience. Engineers and those with similar quantitative orientation learn that numbers do not tell the whole story, and students who are majoring in behavioral subjects learn that quantitative techniques are in fact helpful.

What does the instructor do in class?

There is a great deal of variation among instructors and also a great deal of variation in what a given instructor does on various days. Teaching styles vary in case discussions just as much as they do in other pedagogical approaches. Most people agree that as a minimum the instructor should do two things: (1) keep the discussion on the track, and (2) summarize what has developed. A few do not agree with these two points; they expect students to discipline other students who wander too far from the main point, and they expect students to provide their own summaries.

Should students be graded on the basis of their participation in class?

Generally, yes, although the instructor should not try to record participation and keep track of the discussion at the same time. Students are motivated to participate if they know they will be graded, especially if they are promised that the classroom grade will be a "plus factor," and that the final grade will be higher than the grade on written work if class participation is strong, but not lower than the grade on written work if class participation is weak or non-existent. Under such a ground rule, students can't lose anything by participating in class. Participants in management development programs usually are not graded.

What about examinations?

Generally, in a course which involves considerable discussion of cases, the final examination should include one or more cases. The examination may also include objective questions. Quizzes can consist of objective questions.

HOW TO SOLVE CASE STUDIES—STUDENT NOTES

Each of the case studies selected for this course deals with a different problem and a different cast of characters. The case reports what has happened to a given point in time. Facts reported in the situation cannot be recast or changed in any important degree. The descriptive materials have been prepared generally in objective form without intruding value judgments on the worth of what has happened thus far. Readers may very well find themselves introducing such personal value judgments on the basis of experience or insight into the situation. It is important, however, to identify the facts which are relevant and those which are irrelevant.

In analyzing the case study, the student is expected to work forward beyond the close of the written account in ways that promote the resolution or alleviation of the major problem(s) or issue(s) involved rather than to look backward from results to decisions which have been made by others. The analyst needs to introduce himself or herself into the situation, typically playing a self-selected role in each case. This means that future developments can take a variety of approaches with differing outcomes depending upon the new mix of individuals involved and the decisions or actions taken. Important, too, are the goals sought, the decisions, action and skills identified for use by the participant in handling the processes which may be involved.

Because of these potential changes in goals, processes, roles, and individuals, the analysis of the case study can also take a variety of forms. The suggestions which follow are intended to be helpful and to identify minimum topics which should be treated in the case analysis. Feel free, however, to depart from this suggested format when either the case or your analysis of it indicates a different approach. Whatever approach is used, seek to identify the major problem or problems, goal or goals which should be sought, and actions or decisions which will enable you to handle or resolve the problem situation constructively in light of your identified goals.

1. Brief Case Description. What appear to be the most relevant facts in the case situation? Who are the major participants and how are they related to the problem and each other? (Caution: This should be brief. In a written analysis, this section is usually no more than a paragraph or two.)

2. Principal Problem and Goal. Identify the problem or issue which you consider to have highest priority and the goal which you seek to attain in handling this problem or issue. In some instances you may need to identify also some peripheral or tangential problems which restrict your choice of possible solutions or which enhance the overall resolution of the problem rather than other discarded alternatives which are identified in #3 below.

3. Alternatives That Might Have Been Taken Earlier. Despite the fact that the situation cannot be restructured, a bit of speculation on what went wrong in the situation may prove of value. Resist the temptation to

spend too much time on this other than to develop clues which might lead to differing choices of possible next steps.

4. Next Steps. What should be done next? What alternatives in action or decision appear to be plausible? Which of these is likely to have the most constructive effect in alleviating the principal problem or issue as well as those identified as tangential? Be sure to state the steps or procedures which you would follow in your self-appointed role.

5. Effects. What are the likely outcomes of such decisions or actions? Keep in mind the status, competence, and relationship of the principal characters including yourself in the case and the goal or goals which you seek in this situation as identified earlier. This description could well include corrective actions which might help to reduce some of the negative effect or effects.